

The Senate Committee on Finance offered the following substitute to HB 238:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and  
2 taxation, so as to provide for the revision of personal income tax rates; to eliminate itemized  
3 adjustments to Georgia taxable net income except for limited mortgage deductions, charitable  
4 contributions, and medical expenses; to increase the personal exemption from state income  
5 tax; to repeal the corporate net worth tax; to provide that this Act shall not abate or affect  
6 prosecutions, punishments, penalties, administrative proceedings or remedies, or civil actions  
7 related to certain violations; to provide for a short title; to provide for related matters; to  
8 provide for an effective date and applicability; to repeal conflicting laws; and for other  
9 purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 This Act shall be known and may be cited as the "Tax Relief Act of 2016."

13 **SECTION 2.**

14 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is  
15 amended by revising Code Section 48-7-20, relating to individual tax rates and tables, as  
16 follows:

17 "48-7-20.

18 (a) A tax is imposed upon every resident of this state with respect to the Georgia taxable  
19 net income of the taxpayer as defined in Code Section 48-7-27. A tax is imposed upon  
20 every nonresident with respect to such nonresident's Georgia taxable net income not  
21 otherwise exempted which is received by the taxpayer from services performed, property  
22 owned, proceeds of any lottery prize awarded by the Georgia Lottery Corporation, or from  
23 business carried on in this state. Except as otherwise provided in this chapter, the tax  
24 imposed by this subsection shall be levied, collected, and paid annually.

25 (b)(1) The tax imposed pursuant to subsection (a) of this Code section shall be computed  
26 in accordance with the following tables:

27 SINGLE PERSON

28	If Georgia Taxable	The Tax Is:
29	Net Income Is:	
30	Not over \$750.00 .....	1%
31	Over \$750.00 but not	
32	over \$2,250.00 .....	\$7.50 plus 2% of amount
33		over \$750.00
34	Over \$2,250.00 but not	
35	over \$3,750.00 .....	\$37.50 plus 3% of
36		amount over \$2,250.00
37	Over \$3,750.00 but not	
38	over \$5,250.00 .....	\$82.50 plus 4% of
39		amount over \$3,750.00
40	Over \$5,250.00 but not	
41	over \$7,000.00 .....	\$142.50 plus 5% of
42		amount over \$5,250.00
43	Over \$7,000.00 .....	\$230.00 plus 6% of
44		amount over \$7,000.00

45 MARRIED PERSON FILING A SEPARATE RETURN

46	If Georgia Taxable	The Tax Is:
47	Net Income Is:	
48	Not over \$500.00 .....	1%
49	Over \$500.00 but not	
50	over \$1,500.00 .....	\$5.00 plus 2% of amount
51		over \$500.00
52	Over \$1,500.00 but not	
53	over \$2,500.00 .....	\$25.00 plus 3% of
54		amount over \$1,500.00



88 shall produce a tax approximately equivalent to the tax imposed by paragraph (1) of this  
89 subsection.

90 (c) For all taxable years beginning on or after January 1, 2017, the tax imposed pursuant  
91 to subsection (a) of this Code section shall be 5.4 percent of all Georgia taxable net income  
92 for the applicable taxable year, reduced by any exclusion, adjustment, or credit allowed  
93 pursuant to this chapter for that same taxable year.

94 ~~(c)~~(d) The amount deducted and withheld by an employer from the wages of an employee  
95 pursuant to Article 5 of this chapter, relating to current income tax payments, shall be  
96 allowed the employee as a credit against the tax imposed by this Code section. Amounts  
97 paid by an individual as estimated tax under Article 5 of this chapter shall constitute  
98 payments on account of the tax imposed by this Code section. The amount withheld or  
99 paid during any calendar year shall be allowed as a credit or payment for the taxable year  
100 beginning in the calendar year in which the amount is withheld or paid.

101 ~~(d)~~(e) The tax imposed by this Code section applies to the Georgia taxable net income of  
102 estates and trusts, which shall be computed in the same manner as in the case of a single  
103 individual. The tax shall be computed on the Georgia taxable net income and shall be paid  
104 by the fiduciary."

### 105 SECTION 3.

106 Said title is further amended by revising Code Section 48-7-26, relating to personal  
107 exemptions from state income tax, as follows:

108 "48-7-26.

109 (a) As used in this Code section, the term 'dependent' shall have the same meaning as in  
110 the Internal Revenue Code of 1986.

111 (b)(1) An exemption of ~~\$7,400.00~~ \$11,400.00 shall be allowed as a deduction in  
112 computing Georgia taxable income of a taxpayer and spouse, but only if a joint return is  
113 filed. If a taxpayer and spouse file separate returns, ~~\$3,700.00~~ \$5,700.00 shall be allowed  
114 to each person as a deduction in computing Georgia taxable income.

115 (2) An exemption of ~~\$2,700.00~~ \$4,700.00 shall be allowed as a deduction in computing  
116 Georgia taxable income for all taxpayers other than taxpayers who qualify for the  
117 exemption provided for in paragraph (1) of this subsection.

118 (3) Commencing with the taxable year beginning January 1, ~~2003~~ 2017, an exemption  
119 of ~~\$3,000.00~~ \$5,000.00 for each dependent of a taxpayer shall be allowed as a deduction  
120 in computing Georgia taxable income of the taxpayer.

121 (c) No exemption shall be allowed under this Code section for any dependent who has  
122 made a joint return with such dependent's spouse for the taxable year beginning in the  
123 calendar year in which the taxable year of the taxpayer begins.

- 124 (d) A deduction in lieu of a personal exemption deduction shall be allowed an estate or a  
 125 trust as follows:  
 126 (1) An estate - \$2,700.00; and  
 127 (2) A trust - \$1,350.00."

#### 128 SECTION 4.

129 Said title is further amended by revising paragraphs (1) and (3) of subsection (a) of Code  
 130 Section 48-7-27, relating to computation of Georgia taxable net income, as follows:

131 "(1) Either the sum of ~~all itemized nonbusiness~~ mortgage interest up to a maximum of  
 132 \$25,000.00, all cash and noncash charitable deductions, and all medical deductions used  
 133 in computing federal taxable income if the taxpayer used itemized nonbusiness  
 134 deductions in computing federal taxable income or, if the taxpayer could not or did not  
 135 itemize nonbusiness deductions, then a standard deduction as provided for in the  
 136 following subparagraphs:

137 (A) In the case of a single taxpayer or a head of household, \$2,300.00;

138 (B) In the case of a married taxpayer filing a separate return, \$1,500.00;

139 (C) In the case of a married couple filing a joint return, \$3,000.00;

140 (D) An additional deduction of \$1,300.00 for the taxpayer if the taxpayer has attained  
 141 the age of 65 before the close of the taxpayer's taxable year. An additional deduction  
 142 of \$1,300.00 for the spouse of the taxpayer shall be allowed if a joint return is made by  
 143 the taxpayer and the taxpayer's spouse and the spouse has attained the age of 65 before  
 144 the close of the taxable year; and

145 (E) An additional deduction of \$1,300.00 for the taxpayer if the taxpayer is blind at the  
 146 close of the taxable year. An additional deduction of \$1,300.00 for the spouse of the  
 147 taxpayer shall be allowed if a joint return is made by the taxpayer and the taxpayer's  
 148 spouse and the spouse is blind at the close of the taxable year. For the purposes of this  
 149 subparagraph, the determination of whether the taxpayer or the spouse is blind shall be  
 150 made at the close of the taxable year except that, if either the taxpayer or the spouse  
 151 dies during the taxable year, the determination shall be made as of the time of the  
 152 death;"

153 "(3)(A) The amount of salary and wage expenses eliminated in computing the  
 154 individual's federal adjusted gross income because the individual has taken a federal  
 155 jobs tax credit which requires, as a condition to using the federal jobs tax credit, the  
 156 elimination of related salary and wage expenses.

157 (B) The amount of mortgage interest, subject to the requirements of paragraph (1) of  
 158 this subsection, eliminated from federal itemized deductions for the purpose of  
 159 computing mortgage interest credit on the federal return;"

160 **SECTION 5.**

161 Said title is further amended by repealing Article 4 of Chapter 13, relating to the corporate  
162 net worth tax, in its entirety and enacting a new Article 4 to read as follows:

163 "ARTICLE 4

164 48-13-70.

165 On or after January 1, 2017, there shall be no corporate net worth taxes levied under this  
166 article and no corporate net worth returns are required."

167 **SECTION 6.**

168 (a) This Act shall become effective upon its approval by the Governor or upon its becoming  
169 law without such approval and shall be applicable to all taxable years beginning on or after  
170 January 1, 2017.

171 (b) Tax, penalty, and interest liabilities and refund eligibility for prior taxable years shall not  
172 be affected by the passage of this Act and shall continue to be governed by the provisions of  
173 general law as it existed immediately prior to January 1, 2017.

174 (c) This Act shall not abate any prosecution, punishment, penalty, administrative proceeding  
175 or remedy, or civil action related to any violation of law committed prior to January 1, 2017.

176 **SECTION 7.**

177 All laws and parts of laws in conflict with this Act are repealed.